

Ehrenberg & Oaxaca Results

Empirical specification

D_j = the actual duration (weeks) of unemployment (for worker j)

F_j = the ratio of weekly UI to the pre-unemployment weekly wage (wage replacement ratio)

N_j = the number of weeks spent out of the labor force

w_{1j} and w_{0j} = the post-unemployment and pre-unemployment hourly wages

$$\ln(D_j) = a_0 + \underset{(+)}{a_1} F_j + \text{other stuff}$$

$$\ln\left(\frac{w_{1j}}{w_{0j}}\right) = b_0 + \underset{(+)}{b_1} F_j + \text{other stuff}$$

$$N_j = c_0 + \underset{(-)}{c_1} F_j + \text{other stuff}$$

Estimated Coefficients on $F = UI/w^0$
(t values in parentheses)

Group	$\ln(D)$ (\hat{a}_1)	$\ln(w^1/w^0)$ (\hat{b}_1)	N (\hat{c}_1)
Males 45-59	1.653 (2.6)	0.678 (3.6)	0
Females 30-44	0.428 (2.0)	0.145 (4.2)	0
Males 14-24	0.653 (2.4)	0.081 (0.8)	0
Females 14-24	1.221 (3.8)	0.039 (0.4)	-8.379 (-2.2)